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"This ruling is applicable to the taxpayer named herein. It must not be relied on, used, or cited as a precedent by Internal Revenue Service personnel in the disposition of other cases."

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(3) of the Internal Revenue Code.

The information submitted indicates that you were incorporated on [REDACTED] in the state of [REDACTED]. Your purpose is to create a homeowners' association.

Your primary activity is to assess and collect fees for neighborhood road maintenance and administrative expenses. You will also provide corporate ownership of these roads and procure liability insurance for them. Fees total approximately \$[REDACTED] per homeowner. There are [REDACTED] homeowners representing a total of nearly \$[REDACTED].

Section 501(c)(3) of the Code provides exemption from federal income tax for organizations organized and operated exclusively for charitable purposes, no part of the earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(d)(1)(i) of the Income Tax Regulations provides that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, to meet this requirement, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests.

In your case, the articles of incorporation do not contain a limited purposes clause or a dissolution clause, both of which are required in order to meet the organizational test of section 501(c)(3) of the Code.

Also, your primary activity is to assess and collect fees for neighborhood road maintenance, the benefit of which primarily accrues to the private interest of the community and not to the public at large.

You are not within the purview of section 501(c)(3) of the Code, nor are you within the purview of section 1.501(c)(3)-1(d)(1)(i) of the regulations.

Accordingly, you do not qualify for exemption under section 501(c)(3) of the Code.

Contributions to you are not deductible under section 170 of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirement.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director in Baltimore, MD. Thereafter, any questions about your federal income tax status should be addressed to that office.

Additional letters with respect to this case should be sent to
Internal Revenue Service,
1111 Constitution Avenue,
[REDACTED]
N.W., Washington, DC 20224.

Sincerely yours,

[REDACTED]
Chief, Exempt Organizations
Rulings Branch 1

cc: [REDACTED]
Attn: EO Group

cc: [REDACTED]